

GENERAL INFORMATION

WHO MUST FILE

New Mexico Residents

You must file a New Mexico return if you meet any of the following conditions:

- You have to file a federal return.
- You want to claim a refund of any New Mexico state income tax withheld from your pay.
- You want to claim any of the New Mexico rebates or credits.

Members of the Armed Forces

If you are a member of the military and were a resident of New Mexico at the time of enlistment and you have not changed your state of residency, the amount of your military pay that is subject to federal income tax is also subject to New Mexico income tax.

If your permanent home (domicile) was in New Mexico when you entered the military, and you have retained New Mexico as your home of record for military purposes, you are still a New Mexico resident and must file a resident return even if you are presently serving outside New Mexico.

If your permanent home (domicile) was in New Mexico when you entered the military, but you have established a domicile in another state and have taken affirmative action to change your residency to meet the conditions for non-resident status, your military pay is not subject to New Mexico income tax.

Member of an Indian Nation, Tribe or Pueblo.

The income of Indians who worked or lived on lands outside the Indian nation, tribe or pueblo of which they are members is taxable by New Mexico and returns are required.

Enrolled members of an Indian nation, tribe or pueblo who lived on the lands of the Indian nation, tribe or pueblo of

which they are members and whose entire income was earned from work on those lands are not required to file a New Mexico income tax return. "Enrolled member" also includes the spouse or dependent of an Indian member provided the spouse or dependent lives and works within the boundaries of the Indian member's nation, tribe or pueblo. Lands include formal and informal reservations, dependent Indian communities, and Indian allotments whether restricted or held in trust by the United States. Military pay of an enrolled member for periods in which the member's home of record is on the lands of the member's Indian nation, tribe, or pueblo is exempt.

First-year, Part-year and Non-residents

If you were not a New Mexico resident for 2001, or if your New Mexico resident status changed during 2001 and you had New Mexico source income, you will have to file a Schedule PIT-B, *Allocation and Apportionment Schedule*, and a New Mexico Form PIT-1. For more information, see the instructions for Schedule PIT-B.

Resident, First-year, Part-year and Non-resident Defined

You may have to pay income tax as a New Mexico resident even if you are not considered a resident for other purposes. For income tax purposes, your resident status depends on where you were domiciled and where you maintained a permanent place of abode during the tax year.

In general, your *domicile* is the place you intend to have as your permanent home. Your domicile is, in effect, the **state** where your permanent home is located. It is the place you intend to return to whenever you may be away (as on vacation, business assignment, educational leave, or military assignment).

You can have only one domicile. Your New Mexico domicile is not changed until you can demonstrate that you have abandoned your New Mexico domicile and established a new permanent domicile outside the state of New Mexico.

A change of domicile must be *clear and convincing*. Easily controlled factors are NOT the primary factors to be taken into consideration in determining where you are domiciled. If you move to a new location but intend to stay there only for a limited amount of time (no matter how long), your domicile does not change. If your domicile is in New Mexico and you go to a foreign country because of a business assignment by your employer, or for study, research or any other purpose, your domicile does not change unless you show that you definitely do not intend to return to New Mexico.

You are a New Mexico **resident** if your domicile was in New Mexico for the entire year, even if you were not physically present in the state for all or a portion of the year.

You are a New Mexico **first-year resident** if you moved to New Mexico during the tax year with the intent of making New Mexico your permanent place of residence. Former New Mexico residents who return to New Mexico may file as first-year residents if they have been non-resident for at least one full tax year.

You are a New Mexico **part-year resident** if you were a New Mexico resident for only part of the year but, on December 31, were no longer domiciled in New Mexico and had moved to another state with the intent of maintaining domicile status in that other state.

You are a New Mexico **non-resident** if you were not domiciled in New Mexico for any part of the tax year, whether or not you lived in New Mexico for any part of the year, as long

as you intended to maintain domicile status outside New Mexico.

Representatives of Deceased Taxpayers

If a taxpayer died before filing a return for 2001, the taxpayer's spouse or personal representative may have to file and sign a return for that taxpayer. A personal representative can be an executor, administrator or anyone who is in charge of the deceased taxpayer's property. If a taxpayer did not have to file a federal return but had New Mexico income tax withheld, a New Mexico return must be filed to get a refund. If a joint federal income tax return was filed for the deceased taxpayer and the surviving spouse, a joint New Mexico return must be filed. The filing-due date is the same as if the taxpayer had lived. The person who files the return for the deceased should put an "X" in the appropriate box directly below the social security number section of the return indicating that the taxpayer or the taxpayer's spouse is deceased. Provide the claimant's name, social security number and the year of death.

If the return shows an overpayment and you are a surviving spouse, or you are a successor requiring the refund to be made payable to the estate of the decedent, include a copy of the death certificate or other proof of death.

If the return shows an overpayment, and you are a court-appointed or certified personal representative, you must also attach Form RPD-41083, *Affidavit To Obtain Refund of New Mexico Tax Due a Deceased Taxpayer*, with the taxpayer's refund claim.

Pass-Through Entities and S Corporations

Partnerships and other pass-through/non-corporate entities, including limited liability partnerships (LLP), limited liability companies (LLC) and limited liability investment companies (LLIC), but excluding estates and trusts, are not subject to New Mexico personal income tax, but individual members of the partnership or company are. If the entity has any partner or owner

who is a New Mexico resident, or if the entity has any income from New Mexico sources, it must provide each partner or owner with the information necessary to file a New Mexico personal income tax return. A pass-through entity is required to report and pay withholding tax on behalf of all non-resident partners or owners having New Mexico source income. Please contact (505) 827-0827 for details on pass-through entity filing requirements.

Estates & Trusts

Estates and trusts are subject to the New Mexico personal income tax. Except for grantor trusts, the fiduciary for an estate or trust must file Form FID-1, Fiduciary Income Tax Return. See the instructions for Form FID-1 for more details.

Each beneficiary of an estate or trust must include his or her share of the estate or trust income on the New Mexico personal income tax return even if the estate or trust was not required to file Form FID-1.

FILING METHODS AND FORMS TO FILE

New Mexico offers taxpayers a choice between filing their tax returns in the traditional paper format or using computers to file their returns electronically. We describe the options below to assist you in choosing the method that makes filing your New Mexico PIT return most convenient for you.

Paper Forms

1) TRD provides hard-copy New Mexico tax forms that can be filled out by hand and mailed back to the Department. Always submit 2001 Personal Income Tax Returns on official state forms provided by or approved by the Department. Do not submit copies of official state forms. This will cause delays in processing your return.

2) You may download tax forms using Adobe Acrobat from TRD's Internet website. You may print the forms you

need, complete them by hand and mail them to TRD. TRD's website address is:

www.state.nm.us/tax

3) You can buy software that will allow you to complete your income tax return on your home PC. You can then print and mail the tax return to TRD. ***Do not purchase tax return software unless you are sure it has been approved by the Department. You can obtain a list of TRD-approved software developers from TRD's website address, listed above (click "Publications"), or by calling TRD's main office in Santa Fe at (505) 827-1746.*** Tax return software developers normally offer users information through toll-free phone numbers and websites.

Caution: When printing and mailing tax returns completed on a PC with purchased software, carefully follow

the printing and legibility requirements prescribed by the software developer. To avoid delays in processing, ensure that you submit the original printed version of the form(s) to the Department for filing purposes.

Electronic Filing

TRD offers two ways for you to file your PIT return electronically, both of which allow you to file either a refund return or a tax-due return. Electronic filing is done through TRD's Internet website or the Federal/State Electronic Filing Program.

Please note that there are certain **restrictions** regarding who may file and the types of returns that can be filed electronically. The TRD and IRS websites listed below contain information about the types of returns that can be transmitted from those websites. There are also certain Internet browser

requirements that must be met to file over the Internet. Details of these requirements are also available at the TRD and IRS websites. If you plan to have a professional tax preparer file your return electronically, you may contact him or her for more information.

TRD's Internet Website

If you have access to the Internet from a personal computer (PC), you can visit TRD's website at the following address:

www.state.nm.us/tax

Once at our site, click on "Electronic Services". Directions will lead you to "PIT-Net" where you will be instructed to enter your tax return information on a "Data Entry Form". *To successfully file your return, you must read and follow all PIT-Net instructions.* You will have the capability to print a copy of your return for your own records, but **do not mail** a copy of the PIT-Net Data Entry Form to TRD. Our Internet site will display prompts which will allow you to send your return **electronically**. If you are due a refund, you have the option of receiving a check or having the refund deposited directly into your checking or savings account. If you owe tax, you may pay via our website using Visa, Master Card, or American Express, or you may mail a check or money order to TRD with a PIT-PV Payment Voucher. The PIT-PV should be mailed to the New Mexico Taxation and Revenue Department, P.O. Box 8390, Santa Fe, NM 87504-8390.

Federal/State Electronic Filing Program (Fed/State)

The Fed/State program, administered by the IRS, allows you to file your federal and state tax returns **together** in one electronic transmission. You may choose to file a Fed/State return through your home PC or through a professional tax preparer. **Caution: You may not pay taxes owed to the State of New Mexico through the Fed/State program.** You may, however, make payment over the Internet

through the TRD website.

1) Fed/State On-line Home Filing Program. This method of filing requires access to the Internet. If you choose to purchase over-the-counter software, make sure that the software company supports New Mexico Personal Income Tax 2001 Electronic Filing and that the New Mexico Taxation and Revenue Department has approved it. Do this by calling the software developer at its Customer Service phone number. Customer Service phone numbers and e-mail addresses can be located at the IRS web site at:

www.irs.gov

Acceptance of the software company by the New Mexico Taxation and Revenue Department does not imply endorsement by the Department or the quality of the services provided.

If you do not want to buy tax return software, you may find information about software availability on the IRS Internet website, which is:

www.irs.gov

2) Fed/State electronic filing by a professional tax preparer. Fed/State electronic filing service is also available through tax professionals who meet IRS and TRD qualifications for acceptance into the Fed/State program. Ask your professional tax preparer whether he or she has obtained Fed/State approval.

Required Forms

Regardless of which federal form you file, **everyone** required to file a New Mexico personal income tax return must complete and file a **Form PIT-1, New Mexico Personal Income Tax Return**. Depending on your residency status and your own personal situation, other forms and schedules also may be required.

The **2001 Schedule PIT-ADJ** must be completed and attached to Form PIT-1 if you are required or eligible to make any of the following New Mexico adjustments to income or wish to claim any of the following non-refundable credits:

- interest income on state and local bonds;
- a New Mexico net operating loss carryover;
- interest income from U.S. government securities;
- railroad retirement income not taxable by New Mexico;
- you or your spouse, or both, are members of an Indian nation, tribe or pueblo and have income earned on the lands of that nation, tribe or pueblo;
- you are a beneficiary of a New Mexico Education Trust Fund and you received earnings included in qualified distributions;
- you or your spouse, or both, are age 65 or over or blind *and* your adjusted gross income is not over \$51,000 for a joint return, \$28,500 for a single taxpayer, or \$25,500 for married taxpayers filing separately;
- you have adopted a special needs child;
- you have a New Mexico Medical Care Savings account;
- you contribute to a New Mexico Education Trust Board account;
- you had net capital gains for which you can claim a deduction of up to \$1,000;
- you have additions to federal adjusted gross income, interest and dividends from federal tax-exempt bonds or net operating loss;
- you received a refund of contributions made upon termination of a college investment agreement or a pre-paid tuition contract from the New Mexico Education Trust Fund;
- you are a New Mexico resident with income from sources outside New Mexico that is subject to tax by both New Mexico and the other state, and you wish to claim the credit for tax paid to the other state.
- you wish to claim the credits for rehabilitating a historic structure or a qualified business facility;
- you wish to claim a credit for the Welfare-to-Work Program;
- you wish to claim the Venture Capital Investment Credit for investments in a qualified diversifying business;
- you wish to claim a credit for the Job Mentorship Tax Credit;
- you wish to claim the Rural Job Tax Credit granted to employers for creating additional jobs in specific areas;
- you wish to claim the Technology

Jobs Tax Credit for expenses made in conducting research;

- you wish to claim the Credit for Electronic Identification Card Reader.

The **PIT-1-RC, Rebate and Credit Schedule** is a separate schedule used by Form PIT-1 filers to claim the Low Income Comprehensive Tax Rebate, Property Tax Rebate (for low-income persons 65 or older), Low Income Property Tax Rebate for Los Alamos county residents, or Child Day Care Credit.

The **PIT-B, Allocation and Apportionment Schedule** is filed with Form PIT-1 and is used by first-year, part-year, and non-residents. Full-year resident taxpayers who have income or losses from business or property located outside New Mexico also use this schedule to allocate and apportion income and losses.

The **PIT-D, Voluntary Contributions Form** must be completed and attached to Form PIT-1 if you wish to contribute to any of the voluntary contribution funds from an overpayment on your return.

New Mexico and Federal Extension of Time To File. Please DO NOT attach a copy of any federal extension request that is automatically granted, but DO check the box on line 2 of the Form PIT-1 to indicate that you have an automatic federal extension. If the Internal Revenue Service or the Taxation and Revenue Department grants an additional extension, attach a copy of the approved federal or state extension.

PIT-PV Payment Voucher. If your return shows a balance due, and you did not file and pay with a credit card through the Internet, you will need to complete PIT-PV to include with your check or money order.

PIT-ES Estimated Income Tax Payment Voucher. If you must make estimated tax payments, you will need to complete PIT-ES to include with your estimated payment. The total amount you must pay for tax year 2002 through withholding and estimated tax

is the lesser of:

1. 90% of the tax shown on your tax year 2002 return, **or**
2. 100% of the tax shown on your tax year 2001 return. If you did not file a 2001 return, or your 2001 return did not cover a full 12 months, you must pay 90% of the tax shown on your tax year 2002 return through withholding and estimated tax to avoid penalty and interest.

For more information, see the instructions for PIT-ES Estimated Income Tax Payment Voucher.

You do not have to pay estimated tax if you expect to owe less than \$500 after deducting tax withheld and credits you are entitled to claim.

Other Forms or Attachments You May Have To File

IRS Approval for an ITIN. If you or your spouse are unable to obtain a social security number and applied for and received an ITIN, or individual Taxpayer Identification Number with the IRS, you must submit a copy of the IRS approval documentation. A refund with an ITIN cannot be processed without proof of a valid Taxpayer Identification Number.

Community Property Allocation of Income and Payments. If you are married and filing separate returns, or if you were divorced during 2001, you are required to attach a statement reflecting a correct division of community income and payments.

Form RPD-41083, Affidavit To Obtain Refund of New Mexico Tax Due a Deceased Taxpayer, and copy of death certificate are used to claim a refund for a deceased taxpayer.

In the first year in which a taxpayer claims a deduction for a Special Needs Adoption, a **Human Services Department Certification** is required to claim the deduction.

Form PIT-4, Cultural Property Claim, and related **Historic Preservation Di-**

vision Certification are needed to claim the Preservation of Cultural Property credit on Form PIT-1.

Form PIT-5, Qualified Business Facility Rehabilitation, is needed to claim the Qualified Business Facility Rehabilitation credit for building renovations within New Mexico enterprise zones.

Certification from the New Mexico Department of Labor is needed to claim the Credit for Welfare-to-Work Program.

Job Mentorship Employee Certification and **Form PIT-6, Job Mentorship Claim,** are needed to claim the credit for the New Mexico Job Mentorship Program.

Venture Capital Credit requires completion of **Form PIT-8.**

Rural Job Tax Credit requires certification from the Taxation & Revenue Department and **Form RPD-41238.**

Technology Jobs Tax Credit requires the **Technology Jobs Tax Credit Claim Form** and **Form RPD-41239.**

Credit for Electronic Identification Card Reader requires certification by the taxpayer. Complete **Form RPD-41246.**

Other States' Forms must be attached only when claiming credit for taxes paid to another state on Form PIT-ADJ by a New Mexico resident on income taxable in **both** New Mexico and another state.

Federal Forms and Schedules. The Department may require you to furnish a true and correct copy of your federal income tax return, including attachments.

Form PIT-110, Adjustments to New Mexico Income Worksheet, is used only by non-residents.

The **Schedule CC, Alternative Tax Schedule,** is used only by non-residents who qualify to pay tax using an Alternative Tax Method.

WHEN AND WHERE TO FILE YOUR RETURN

File your return as soon as you have all the necessary information, but not later than the filing deadline of **APRIL 15, 2002. If you file or pay late, you may have to pay penalties and interest.** See *Penalties & Interest* on page 6. The due date for fiscal-year taxpayers is the 15th day of the fourth month following the close of their fiscal year.

A New Mexico income tax return and tax payment are timely if the United States Post Office postmark on the envelope bears a date on or before the due date. If the due date falls on a Saturday, Sunday, state or national legal holiday, the tax return is filed timely if the postmark bears the date of the next business day. Delivery through a private delivery service is considered timely if the date recorded or marked by the private delivery service is on or before the due date.

Use the preaddressed envelope that came with your tax packet. If you do not have one, address your envelope to:

**Taxation & Revenue Dept.
P.O. Box 25122
Santa Fe, NM 87504-5122**

Extension of Time To File

New Mexico recognizes and accepts any extension of time to file granted by the Internal Revenue Service.

If the Internal Revenue Service automatically grants you an extension to August 15 (120 days), check box 2 on Form PIT-1 to indicate that you have an automatic federal extension. It is NOT necessary to attach federal Form 4868, *Application for Automatic Extension of Time To File U.S. Individual Income Tax Return*; however, you are required to attach a copy of the IRS-approved Form 2688, *Application for Additional Extension of Time to File U.S. Individual Income Tax Return* (180 days), or an extension will be denied.

If you expect to file your federal return by the original due date but will need additional time to file your New Mexico return, ask for an extension of time by

filing New Mexico Form RPD-41096, *Extension of Time To File*. Form RPD-41096 must be filed on or before the April 15, 2002, due date for filing a return. The approved state extension must be attached to your return when it is filed.

Requesting an extension of time to file does NOT increase your chances of being selected for audit. Returns for a particular tax year are not selected for audit until after the closing of the filing period, and each return filed faces an equally random chance of being selected for audit.

An extension of time to file your return does NOT extend the time to pay. If tax is expected to be due, interest will continue to accrue. Therefore, if you expect to owe additional tax when your return is filed, you may make an estimated payment using an estimated payment voucher and avoid the accrual of interest on that amount. Please make sure that you put the correct tax year on both the PIT-ES Estimated Income Tax Payment Voucher and your check or money order to minimize the possibility of having the payment credited to the incorrect tax period. Report the amount of any payment(s) on line 18 of Form PIT-1 when the return is actually filed.

KEEP COPIES OF YOUR TAX RECORDS AND RETURN. Please remember to keep a copy of your completed income tax return for at least three years after you file it. Also keep copies of any books, records, schedules, statements or other documents.

You may be asked by the Department to provide copies of these records after you have filed your income tax return.

Federal/State Tax Agreement

Under authority of federal and New Mexico laws, the New Mexico Taxation and Revenue Department and the Internal Revenue Service have entered into a federal/state agreement for the mutual exchange of tax information.

Every year, New Mexico participates in a program which matches New Mexico return information with federal return information. If you receive notification from the New Mexico Taxation and Revenue Department advising you of a discrepancy between the state and federal information or a non-filed return, it is to your advantage to respond promptly and provide any information you have which will clear your record of this discrepancy. If you do not respond, the discrepancy notification will be presumed to be correct, and an assessment of taxes due will be issued for the amount of underpaid taxes plus penalty and interest.

Privacy Notification

The rights of the Taxation and Revenue Department and the Secretary of the Department to collect and maintain personal information, including mandatory disclosure of social security numbers in the manner required by tax regulations, instructions and forms, are found in Section 7-1-12 NMSA 1978 and 3.1.1.15 NMAC.

The Taxation and Revenue Department will use this information primarily to determine and administer tax liabilities due the state. The Department will also use this information for certain tax offset and exchange of tax information programs authorized by law, and for any other purpose authorized by law.

1099G and 1099INT Information Returns

New Mexico is required to report to the Internal Revenue Service all New Mexico income tax refunds and any interest paid to taxpayers on those refunds. New Mexico is required to report the same information to you on a Form 1099.

The amount reported on the Forms 1099G and 1099INT may or may not be federally taxable to you. You may wish to consult your tax preparer or the Internal Revenue Service to determine if the amount should be reported as income for federal income tax purposes.

PENALTIES AND INTEREST

Interest. Interest will be charged on income tax that is not paid on or before the due date of your return even if you received an extension of time to file your return. Interest is a charge for the use of money and by law cannot be waived. Interest is calculated at the statutory rate of 15% per year on a daily basis.

If you are due a refund, you may be entitled to receive interest on your overpayment at the same rate charged for underpayments. No interest shall be paid if the refund is made within 75 days of the date of the claim for refund. However, interest will not be paid to you if the interest is less than \$1.00 or if your return cannot be processed. To be processed your return must show your name, address, social security number, signature and the information needed to mathematically verify your tax liability.

If you have not received your refund within the time frame listed on page 7, you may call 505-827-0827 to request the status of your refund.

If a tax refund has not been paid on or before 210 days from the date the claim for refund or tax return was submitted, the taxpayer must either protest the Department's inaction within 90 days or must resubmit the claim for refund.

If the statutory 90 days for claiming the refund has expired and the taxpayer fails to protest the Department's inaction, no refund may be issued and the refund is lost.

Negligence Penalty for Late Filing or Late Payment. If you file late and owe tax, or if you do not pay your tax when due, you will be charged a penalty of 2% of the tax due for each month or part of a month the return is not filed or the tax is not paid, to a maximum of 10%.

This penalty will be imposed when your failure to file or pay is because of negligence or disregard of the rules and regulations but without intent to defraud.

Fraudulent Returns. In the case of failure to pay when due any amount of tax required to be paid, with willful intent to evade or defeat any tax, a civil penalty of 50% of the tax due will be charged. The minimum penalty is \$25.00.

Penalty for Underpayment of Estimated Tax. If your 2001 withholding and estimated tax payments do not equal the "Required Annual Payment" of (1) 100% of the prior year tax liability, or (2) 90% of the current year tax liability, you may be subject

to a penalty. Exceptions to the penalty are provided in law. For more information on exceptions, see instructions for PIT-ES.

If you have not made the Required Annual Payment, the Department will calculate and assess the penalty. You will be able to provide additional information if you believe the penalty to be in error.

Returned Check Penalty. A check that is not paid by a financial institution does not constitute payment. A penalty of \$20 will be assessed for a check not paid in addition to other penalties that may be assessed for late payment.

Failure of Paid Preparers To Conform to Certain Requirements. A penalty of \$25 per return or claim for refund will be assessed a paid preparer for:

- failure to sign the tax return or claim for refund, or
- failure to include the identifying number of the paid preparer. See instructions for Step 6, page 15.

A penalty of \$500 per item will be assessed against any tax return preparer who endorses or otherwise negotiates, either directly or through an agent, any refund check issued to a taxpayer.

REMINDERS

Rebates and Credits. Even if you do not have to file a return, you should file to get a refund if New Mexico income tax was withheld from your pay. Also, you may qualify for one or more of the credits or rebates offered by New Mexico. The **general qualifications** for an individual claiming the rebates are:

- you were a resident of New Mexico on the last day of the tax year; **and**
- you were physically present in New Mexico for at least six months during the tax year; **and**
- you were **not** claimed as a dependent of another taxpayer for the tax

year, **and**

- you were **not** an inmate of a public institution for more than six months of the tax year.

In addition, there are other specific eligibility requirements for the various rebates and credits. For details see the specific instructions for Schedule PIT-1-RC.

Name and Social Security Number. You must enter your name and social security number (or valid federal individual taxpayer identification number) on all forms and correspondence you send to TRD.

Resident or non-resident aliens who do not have and are not eligible to obtain a social security number may obtain a federal individual taxpayer identification number (ITIN) by filing Form W-7 with the Internal Revenue Service. This ITIN may be used instead of a social security number when filing your New Mexico income tax return. You must attach a copy of your ITIN approval from the IRS to your return when filing your New Mexico Personal Income Tax Return. Contact the Internal Revenue Service for forms and information on the ITIN program.

Making Payment by Check.

If you are making a payment to be submitted with your tax return, complete PIT-PV, *Income Tax Payment Voucher*, write your social security number and "2001 PIT-1" on your check or money order, and mail with your return to the address below.

If you are making an estimated payment, complete PIT-ES, *Estimated Income Tax Payment Voucher*, write your social security number and "2002 PIT-ES" on the check or money order, and mail to Taxation and Revenue Department, P.O. Box 8390, Santa Fe, NM 87504-8390.

Separate Mailing Address for Payments.

PIT-ES, *Estimated Income Tax Payment Vouchers*, and PIT-PV, *Income Tax Payment Vouchers* must be mailed to a separate post office box. Mail payments with vouchers to Taxation and Revenue Department, P.O. Box 8390, Santa Fe, NM 87504-8390.

Separating Payments of Tax Due and Estimated Payments.

Please do NOT combine payments for tax due on your 2001 return and payments of your estimated income tax liability on the same check or money order. If you combine payments, it is likely the payments will not be credited to your account in the way that you would like them to be credited.

Making Payment Through the Internet. Using PIT-NET you may make tax payments of \$1,000 or less using a credit card (Visa, MasterCard or American Express).

You may also pay by electronic check whereby you authorize the State of New Mexico Taxation and Revenue Department to debit your checking account in the amount you specify. Directions are available on the website.

Whole Dollar Amounts. All money items on your return MUST be rounded to the nearest whole dollar. There is no space for entering cents.

For example, enter \$10.49 as \$10 and \$10.50 as \$11.

File Returns on Approved State Forms. Always submit 2001 Personal Income Tax Returns on official state forms provided by or approved by the Department. Never submit copies of official state forms. This will cause delays in processing your return.

Returns Completed on Computers. If you do not use the official income tax forms provided by the Department, any computer-generated form you use must comply with specifications issued by the Department. Be sure the software developer or form vendor has been approved by the Department. There is a list of approved software developers on the TRD website, www.state.nm.us/tax, or you may call TRD's main office in Santa Fe at (505) 827-1746.

- When using any computer-generated personal income tax form you must comply with the printing and legibility requirements provided by the software developer.
- Never submit a *copy* of the form generated by the software. Always submit the original computer-generated form and *retain the copy* for your records.
- Your software must conform to current federal and state income tax laws.

Paid Preparers Must Sign Your Return. Anyone you pay to prepare your return must sign it and fill in the other blanks in the preparer's area of your return. The preparer required to sign your return must sign it by hand; signature stamps are not acceptable. If someone prepares your return and does not charge you, that person should not sign it. You should, however, record the name of the person who prepared the return and how to contact the preparer in case there are questions after the return is filed.

Paid preparers are subject to certain requirements. For more information, see *Penalties and Interest* on page 6.

Tax Credit for Certain Venture Capital Investments. If your federal adjusted gross income includes a "qualified diversifying business net capital gain" arising from the sale of "qualified diversifying business stock" on or after July 1, 2000, and you are fully in compliance with all provisions of the New Mexico Venture Capital Investment Act, contact the Director of Tax Policy at (505) 827-0341 for details on claiming the tax credit allowed by that Act.

When To Call About Your Refund. Generally, early filers get their refund checks first. If you file after April 1, you may not receive your refund check for up to 12 weeks. If you have to call to ask where your refund check is, please wait until after April 30, then call (505) 827-0827. Have a copy of your tax return available when you call.

Electronically filed returns claiming a refund are generally processed within three weeks or less.

Need Help with Your Return? We will answer your questions if you call us (*see below*), but we cannot assist you in calculating your estimated tax payments.

Assistance in preparing your tax return may be available from:

- Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE). Volunteers will give free or low-cost help to lower-income, elderly, and handicapped individuals. Watch for VITA and TCE information in your community for the site nearest you.
- Some senior citizens' centers; contact the center for dates and times.
- Some social service agencies can provide assistance or direct you to other free or low-cost tax preparation assistance programs.
- Department district offices will provide preparation assistance to elderly and low income taxpayers.

Information and Forms. For general information on New Mexico income taxes call (505) 827-0827.

Forms can be ordered by calling (505) 827-2206.

If you want to write instead of calling, address your letter to Taxpayer Information Unit, Taxation and Revenue Department, P.O. Box 630, Santa Fe, NM 87504-0630.

If you order forms or write for information after April 1, you should not rely

on receiving the forms or a response to your correspondence before April 15.

Forms and instructions are also available on our Internet Home Page. Our address is:

www.state.nm.us/tax

Amended Returns. An amended return is required for any change to New Mexico taxable income, credits or rebates and for changes to federal taxable income. An amended return

is **REQUIRED** by law to be filed within 90 days of the date any adjustment to your federal return becomes final.

If you need to file an amended return, please use a form for the appropriate year and write "Amended" at the top of the form.

If you are amending your New Mexico return to change the amount of withholding reported, you must attach legible photocopies of all Forms W-2 and similar forms.

STEPS FOR PREPARING YOUR RETURN

Prepare your federal return first; much of the information on your New Mexico return will be the same. Even if you are not required to file a federal return, you will probably find it easier to prepare your New Mexico return if you complete a sample federal return first.

Most New Mexico income tax laws are based on federal income tax laws. In these instructions, we point out only the differences and explain those items which are unique to New Mexico law. No instructions are provided for those items that are self-explanatory (for example, when a line requires addition or subtraction).

NOTE: References to line numbers on federal forms are provided as a convenience and are based on information available to the Department at the time New Mexico forms are delivered to the printing contractor. Use caution. The Department is not responsible for changes or errors in these references.

STEP 1

Get all forms and publications you need.

If you need any forms or additional instructions, see *Information and Forms* above.

STEP 2

Get your tax records together.

If you received a salary or wages, get all your 2001 wage and tax statements together. The federal Form W-2 can be issued or corrected only by your employer. *Do not alter the Form W-2 in any way.* If you have not received your wage and tax statements by February 15, or if the form you received is incorrect, contact your employer. If New Mexico taxes were withheld in error by your employer, a written explanation from your employer is required.

If you received an annuity, pension, retirement pay, IRA distribution, Railroad Retirement or sick pay or social security benefits in 2001, whether or not income tax was withheld on the payments, gather all of your federal

Form(s) 1099-R, RRB1099 and 1099-SSA. If you did not have tax withheld but would like to in the future, see *Withholding on Pensions* below.

If you had gambling or lottery winnings, whether or not income tax was withheld on the winnings, you will need your 2001 federal Form W-2G or a record of your winnings not required to be reported on a Form W-2G.

If you received public assistance, Temporary Assistance to Needy Families (TANF) or a similar program, welfare benefits or Supplemental Security Income (SSI) during 2001, you will need records of the amounts received.

Withholding on Pensions

Retired members of the Army, Air Force, Navy, Marines, Coast Guard, U.S. Civil Service, the National Oceanic and Atmospheric Administration, and the U.S. Public Health Service may request that New Mexico income tax be withheld from their retirement pay by contacting the appropriate retirement pay office.

U.S. Coast Guard Human Resources
Service and Information Center
444 S.E. Quincey St.
Topeka, KS 66683-3591
(Also for retired members of the
National Oceanic and Atmospheric
Administration)

U.S. Public Health Service
Compensation Branch
5600 Fisher Land
Rockville, MD 20857-0001

Defense Finance and
Accounting Service
Cleveland Center
1240 E. 9th St.
Cleveland, OH 44199-2055
1-800-321-1080

Office of Personnel Management
Retirement Operations Center
P.O. Box 45
Boyers, PA 16017
1-888-767-6738
Annuitant Express
1-800-409-6528

If you received any other income in 2001, whether or not taxable, such as an insurance settlement, a scholarship or grant, VA benefits, income from an inheritance or trust, gifts of cash or marketable property, alimony, separate maintenance or child support, gather your records of the amounts received.

If you plan to claim the Property Tax Rebate for persons age 65 or older, or the Low Income Property Tax Rebate for Los Alamos county residents, you will need records of the property tax billed for 2001 and/or the rent paid on

your principal place of residence.

If you plan to claim the Child Day Care Credit, you will need a Caregiver's Statement, Form PIT-CG, from each person who provided child day care during 2001.

If you paid income taxes to another state on income that will also be taxable in New Mexico, you will need a copy of that state's return.

If you made New Mexico estimated tax payments during the year, you will need

your records of the amounts and dates paid. If you had an overpayment from your 2000 return applied to your 2001 estimated taxes, be sure to include that amount in your listing.

STEP 3

Fill in your return.

Fill in your return using the line instructions that begin on page 9. Then continue with **STEP 4** on page 14.

LINE INSTRUCTIONS FOR FORM PIT-1

All information on your return except for your mailing address should be for the calendar year January 1, 2001, through December 31, 2001, or for your fiscal year. If you are filing for a fiscal year, enter the month and day your tax year began, and the month, day and year that it ended at the top of the first page.

Filling in your tax return.

You will notice that Form PIT-1 and other selected forms and attachments are designed to let us use scanning and image-processing equipment.

Boxes have been printed on the forms to guide you in making your handwritten entries. This will enable our scanning equipment to read your return more accurately and let us process it more efficiently. Please spend a moment reviewing the items below before making your entries:

- Please type or print using a blue or black pen; no pencils;
- Please make entries only for those items that apply to you;
- Write your numbers like this:

1	2	3	4	5	6	7	8	9	0
---	---	---	---	---	---	---	---	---	---

- Do not use dollar signs (\$), commas (,), decimal points (.) or any other punctuation marks or symbols. We have already printed the appropriate com-

mas and the decimal points to assist you;

- If you show a loss on line 5, place a negative sign (-) in the box **immediately to the left** of the loss amount. **Do not use brackets or parentheses;**

- Make your money amount entries in the boxes allowing one numeral for each box;

- Carefully enter your money amounts so that the dollar amount **ends** in the box immediately to the **left** of the pre-printed decimal point. All money amounts must be rounded up or down to the nearest whole dollar. There are no spaces on the form to enter cents;

Example: If your federal adjusted gross income is \$23,742.48, your money field entry on line 5 of your Form PIT-1 should look like this:

	2	3	,	7	4	2	.	0	0
--	---	---	---	---	---	---	---	---	---

- Please leave **blank** all spaces and boxes that do not apply to you. Please do not draw lines through or across areas you have left blank because they do not apply to you.

Name and Address Box

If you received a Personal Income Tax package, you may prefer to use one of the two blank forms as a worksheet.

STEP 5 on page 15 of these instruc-

tions will tell you how to complete this section of your return.

LINE 1

Social Security Number(s) and Residency Status

Enter your social security number and the social security number of your spouse in exactly the same order as they are shown on your federal return. Your spouse's social security number is necessary even if you and your spouse are married filing separately.

If you or your spouse do not have a social security number but do have an individual taxpayer identification number (ITIN) assigned by the Internal Revenue Service, enter your ITIN in the spaces provided. Attach a copy of your ITIN approval from the IRS to your return.

Your return is not complete and will not be processed if you do not provide your social security number or individual taxpayer identification number.

Full-year New Mexico residents and first-year New Mexico residents should put an "X" in the Resident box. Part-year residents and full-year non-residents should put an "X" in the Non-resident box.

See *Resident, First-Year, Part-Year and Non-resident Defined* on page 1 for more information.

LINE 2

Extension of Time To File

If you are filing after the original due date, put an "X" in the box if you received a federal or New Mexico extension of time to file. If the federal extension was automatic, it is not necessary to attach a copy of the extension request to your Form PIT-1.

LINE 3

Exemptions

Enter the number of exemptions claimed on your federal return for yourself, your spouse if filing a joint return, and your qualifying dependents.

If you were a dependent or qualify as a dependent of another individual for federal income tax purposes, *whether or not* you were claimed as a dependent on the other person's federal return, your allowable exemption is "00".

New Mexico uses the same definitions and qualifications as the Internal Revenue Service to determine if someone is your dependent. If you received payments on behalf of your children under Temporary Assistance for Needy Families (TANF) or a similar program, general assistance or non-taxable social security benefits, and you used them to pay more than half of the cost of keeping a home, you may NOT count these amounts as furnished by you. Generally, you may not claim an exemption for a dependent for federal tax purposes if more than one-half of your income was received from public assistance programs. In this case your minor children or stepchildren **may not** be claimed as dependents on your federal return OR a New Mexico Form PIT-1, but you may be able to claim these minor children or stepchildren as household members on the Schedule PIT-1-RC for low income rebate purposes ONLY.

LINE 4, BOXES 1 - 5

Filing Status

Show your filing status by marking an "X" in the box to the left of the filing status. You must use the same filing status on your state return that you

used on your federal return. If you did not file a federal return, use the filing status that you would have used for federal income tax purposes.

NOTE: New Mexico is a community property state. For married persons filing separately or persons divorced during 2001, both your New Mexico and federal returns **MUST** be filed reflecting a correct division of **community income and payments**. Attach a copy of your federal form and a statement explaining the division. Include your spouse's or former spouse's social security number on the statement. The statement explaining the division of community income and payments must be attached to your Form PIT-1 even if you did not file a federal return.

If you put an "X" in box 3 of Line 4, Filing Status, enter your spouse's social security number on line 1 and include your spouse's name on the return.

If you put an "X" in box 4 of Line 4, Filing Status, enter the name of the person who qualifies you as head of household under federal regulations if the qualifying person is a child but not your dependent.

If you put an "X" in box 5 of Line 4, Filing Status, also put an "X" in the box to indicate the year of your spouse's death.

LINE 5.

Federal Adjusted Gross Income

You must enter the federal adjusted gross income *as reported* on your federal form:

If you filed federal form:	You must enter the amount from:
1040	Line 33
1040A	Line 19
1040EZ	Line 4
TeleFile	Line I

Make no entry on line 5 of Form PIT-1 if you did not file a federal return or did not TeleFile with the Internal Revenue Service.

Royalty Income of Non-residents.

Non-resident taxpayers who elect to compute tax on gross royalty income under \$5,000 in lieu of filing a complete Form PIT-1 and the Schedule PIT-B, must complete lines 1-4, 11, 12, 15 and 20. Enter your total **gross** royalty income from New Mexico sources on line 11. By computing your tax in this manner you are not allowed to reduce your income by the standard deduction or exemption amounts. Attach a statement that you are a non-resident paying taxes on gross royalty income from New Mexico sources.

LINE 6.

Additions to Federal Adjusted Gross Income.

See the instructions for lines 13 through 16 on the Schedule PIT-ADJ if you:

- 1) received interest and dividends from federally tax-exempt bonds;
- 2) have a net operating loss; or
- 3) received contributions refunded upon termination of a college investment agreement or a prepaid tuition contract from the New Mexico Education Trust Fund.

LINE 7.

Federal Deduction Amount.

If you itemized your deductions on your 2001 federal Form 1040, enter your allowable federal itemized deductions from Form 1040 line 36 on line 7.

If you did not itemize your deductions, enter the allowable federal standard deduction from Form 1040 line 36 or 1040A line 22 or line 7 of Form PIT-1.

If you filed federal Form 1040EZ, enter the amount from Form 1040EZ, line 5, on line 7 of Form PIT-1. For Form 1040EZ filers, the amount on line 5 of your federal form includes both your standard deduction and your dependency exemption, so you will not have an entry on line 8 of Form PIT-1. If you TeleFiled, enter the amount from TeleFile, Line J, Standard Deduction on Line 7 of Form PIT-1.

LINE 8.
Federal Exemption Amount.

If you filed a federal income tax return, enter on line 8 the amount from line 38 of the federal Form 1040, or the amount from line 24 of federal Form 1040A. If you filed federal Form 1040EZ, leave line 8 blank because your deduction for personal exemptions is included in the amount on line 7. If you TeleFiled, enter the amount from TeleFile, Line J, Exemption Amount on Line 8 of Form PIT-1.

LINE 9.
Deductions from Federal Adjusted Gross Income.

See the instructions for 2001 SCHEDULE PIT-ADJ on pages 17-21 if you have:

- interest income on state and local bonds;
- a New Mexico net operating loss carryover;
- interest income from U.S. government securities;
- railroad retirement income not taxable by New Mexico;
- you or your spouse, or both, are members of an Indian nation, tribe or pueblo and have income earned on the lands of that nation, tribe or pueblo;
- you or your spouse, or both, are age 65 or over or blind and your adjusted gross income is not over \$51,000 for a joint return, \$28,500 for a single taxpayer, or \$25,500 for married taxpayers filing separately;
- you have adopted a special needs child;
- you have a New Mexico Medical Care Savings account;
- you contribute to a New Mexico Education Trust Board account or received funds from a college investment agreement or a prepaid tuition contract from the New Mexico Education Trust Fund; or
- you have net capital gains for which you can claim a deduction of up to \$1,000.

LINE 10
Medical Care Expenses.

Any taxpayer who files a New Mexico

PIT-1 Personal Income Tax Return, including out-of-state residents with income tax responsibility to New Mexico, may claim a deduction for medical care expenses paid during the taxable year for medical care of the taxpayer, the taxpayer's spouse or a dependent.

Only unreimbursed and uncompensated medical expenses NOT itemized on the federal 1040 return for the same year may be claimed. If a medical care expense has been subtracted from your gross income in determining federal adjusted gross income, it is excluded from this deduction. Reimbursed and compensated insurance premiums like insurance premiums paid with pre-tax dollars under cafeteria and similar benefit plans are also ineligible. Some of the expenses that may be included are:

1. Medical expenses otherwise allowed as itemized deductions for federal purposes but excluded because they are below a floor amount (and not deducted elsewhere);
2. Amounts paid as premiums under Part B of Title XVIII of the Social Security Act;
3. Amounts paid for a qualified long-term care insurance contract defined in Section 7702B(b) of the Internal Revenue Code, and

4. Unreimbursed insurance premiums and co-payments not deducted for federal purposes.

For purposes of this deduction:

1. "Health Care Facility" means a hospital, outpatient facility, diagnostic and treatment center, rehabilitation center, free-standing hospice, physician's office, or other similar facility, regardless of location, at which medical care is provided and which is licensed by any governmental entity;
2. "Medical Care" means the diagnosis, cure, mitigation, treatment or prevention of disease, or care for the purpose of affecting any structure or function of the body;
3. "Medical Care Expenses" means amounts paid for:
 - a. The diagnosis, cure, mitigation, treatment or prevention of disease, or care for the purpose of affecting any structure or function of the body, **if provided by a physician or in a health care facility.** Cosmetic surgery is excluded;
 - b. Prescribed drugs or insulin, and oxygen; a "prescribed drug" is a drug or biologically active substance for use in or on humans that requires a prescription or administration by a

MEDICAL CARE EXPENSES

Surviving Spouses, Married Individuals Filing Joint Returns

<u>If Adjusted Gross Income Is:</u>		<u>Percentage of Paid Medical Expenses:</u>
Not over	\$30,000	25%
Between	\$30,000 and \$70,000	15%
Over	\$70,000	10%

Single Individuals and Married Filing Separate Returns

<u>If adjusted Gross Income Is:</u>		<u>Percentage of Paid Medical Expenses:</u>
Not over	\$15,000	25%
Between	\$15,000 and \$35,000	15%
Over	\$35,000	10%

Head of Household

<u>If adjusted Gross Income Is:</u>		<u>Percentage of Paid Medical Expenses:</u>
Not over	\$20,000	25%
Between	\$20,000 and \$50,000	15%
Over	\$50,000	10%

person licensed to do so. Costs for over-the-counter drugs are not eligible;

c. Qualified long-term care services as defined in Section 7702B (c) of the Internal Revenue Code;

d. Insurance covering medical care, including amounts paid as premiums under part B of Title XVIII of the Social Security Act or for a qualified long-term care insurance contract defined in Section 7702B (b) of the Internal Revenue Code, if the insurance or other amount is income for the taxable year;

e. Nursing services, regardless of where the services are rendered, if provided by a practical nurse or a professional nurse licensed to practice in the state pursuant to the Nursing Practice Act;

f. Specialized treatment or the use of special therapeutic devices if the treatment or device is prescribed by a physician and the patient can show that the expense was incurred primarily for the prevention or alleviation of a physical or mental defect or illness. "Special therapeutic devices" include corrective eyeglasses, contact lenses and hearing aids prescribed by a physician. Expenses for guide dogs, however, are excluded;

g. Care in an institution other than a hospital, such as a sanitarium or rest home, if the principal reason for the presence of the person in the institution is to receive the medical care available. If the meals and lodging are furnished as a necessary part of such care, the cost of the meals and lodging are "medical care expenses."

4. "Physician" means a medical doctor, osteopathic physician, dentist, podiatrist, chiropractic physician or psychologist licensed or certified to practice in New Mexico.

Physicians licensed or certified to practice in New Mexico are recognized. Also qualified are licensed practical nurses and registered professional nurses licensed in New Mexico. Costs of care provided by such other health

WORKSHEET FOR COMPUTING TAX ON LUMP-SUM DISTRIBUTIONS

1. Taxable income from line 11 of Form PIT-1 1. _____
2. Amount of lump-sum income reported for purposes of 5- or 10-year tax option or capital gains election on federal Form 4972 2. _____
3. MULTIPLY line 2 by .20 and enter 3. _____
4. ADD lines 1 and 3 4. _____
5. Enter the tax from the tax rate tables on the amount on line 4 5. _____
6. Enter tax from line 12 of Form PIT-1 6. _____
7. SUBTRACT line 6 from line 5 and enter difference 7. _____
8. MULTIPLY the amount on line 7 by 5. (This is the additional averaged tax due on the lump-sum income.) Enter on line 13 of Form PIT-1 8. _____

care professionals as physical therapists, acupuncturists and others licensed by the New Mexico Department of Health are deductible only if the care was provided in their offices or at other qualified health care facilities.

You are required to keep full documentation of all medical care expenses for which you claim a deduction on this line, **but do not send the documentation with your tax return.** Keep your receipts in case you are selected for audit or verification of deductions claimed.

Married couples filing separately may claim only those expenses personally incurred and may not claim any expenses already claimed or planned to be claimed by the spouse.

You may claim no deductions for payments to a veterinarian or veterinary clinic or any other expenses for family pets or other animals.

The medical care expense deduction may be claimed in an amount equal to the percentage of medical care expenses paid during the taxable year based on the taxpayer's filing status and adjusted gross income. (See Chart on page 11.)

Taxpayers having income from sources both inside and outside New Mexico must prorate and apportion

their income using the Schedule PIT-B and may only deduct medical expenses based on the computation of percentage of New Mexico income. If you are one of these taxpayers, take all eligible medical expenses, compute the medical care expense deduction using the table provided on page 11 and multiply that amount by the percentage on line 15 of Schedule PIT-B.

LINE 11. New Mexico Taxable Income.

Subtract lines 7, 8, 9, and 10 from the sum of lines 5 and 6. This is your New Mexico taxable income. On line 12 you will calculate your New Mexico tax due based on the New Mexico taxable income amount on line 11.

LINE 12. New Mexico Tax.

Please be very careful when calculating your New Mexico income tax. **MAKE SURE** you use the taxable income amount on line 11. Use the rate tables beginning on page 27.

First-year, part-year and non-residents must complete Schedule PIT-B. New Mexico residents also use the Schedule PIT-B if they have income from New Mexico and other states. Mark an "R" in the Rate Table box or "B" in the Form PIT-B box to indicate the method used to calculate your tax.

LINE 13.
Tax on Lump-Sum Distributions.

Residents Only.

If you are a New Mexico *resident* who received a lump-sum payment and are utilizing the federal special five-or-ten-year tax option on federal Form 4972, use the worksheet on page 12 to compute your New Mexico averaged tax. You are not eligible to use the New Mexico averaging method if you did not use the federal averaging methods available.

If you are a non-resident of New Mexico, pension or annuity income is not taxable by New Mexico.

If you used the Schedule PIT-B to calculate your New Mexico tax liability on line 11 and also used the federal special tax option and New Mexico averaging methods to calculate your tax on a lump-sum distribution on line 13, DO NOT add lines 12 and 13. Instead, refer to instructions for line 16 of Schedule PIT-B.

LINE 14.
Non-refundable Credits.

See the instructions for Schedule PIT-ADJ on pages 17 through 21 if you:

- 1) are a New Mexico resident and may claim a credit for taxes paid to another state;
- 2) are eligible to claim a Cultural Properties Preservation Credit;
- 3) are eligible to claim a Qualified Business Facility Rehabilitation Credit;
- 4) are eligible to claim a credit for the Welfare-to-Work Program;
- 5) are eligible to claim the Venture Capital Investment Credit;
- 6) are eligible to claim a Job Mentorship Tax Credit;
- 7) are eligible to claim the Rural Job Tax Credit, or
- 8) are eligible to claim the Technology Jobs Tax Credit.
- 9) are eligible to claim the Credit for Electronic Identification Card Reader.

LINE 16.
Rebates and Credits.

If you are claiming any of the special

New Mexico rebates or credits, complete and attach the Schedule PIT-1-RC.

LINE 17.
New Mexico Income Tax Withheld.

Enter the total of all New Mexico income tax withheld as shown on your Form(s) W-2, 1099, 1099-R, W-2G and W-K. Be sure to include the "State Copy" of Forms W-2, 1099, 1099-G, W-2G and W-K, *New Mexico Income and Withholding from Pass-Through Entities*, with your PIT-1.

LINE 18.
New Mexico Estimated Tax Payments Made.

Enter the total of New Mexico estimated tax payments made for 2001 as shown in your records. Include your last installment even if it was paid in 2002. Don't forget to include any 2000 overpayments you had applied to your 2001 estimated taxes.

If any estimated payments were made using different name(s) or social security number(s), attach a schedule to your return showing how each estimated payment was made.

EXAMPLE: Prior to her marriage in August 2001, a taxpayer made two estimated tax payments in her name and social security number only. Two additional estimated tax payments were made after the wedding, but they showed the name of the taxpayer and her new spouse and both of their social security numbers. The total of the estimated payments made should be entered on line 18, and a schedule attached that shows the name(s) and social security number(s) reported with each payment.

LINE 19.
Total Payments and Credits.

Add lines 16 through 18 and enter total here. If you are amending your return, please follow these instructions carefully. Record the total amount of Income Tax Withheld (PIT-1, line 17) and Total Estimated Income Tax Payments (PIT-1, line 18) as reported on your original return. Do not reduce this

amount by any refund you received, refund donation (PIT-D), or amount you requested to be applied to year 2002 Estimated Tax. Do not adjust the total payments reported on this form to reflect the adjusted tax due or the adjusted refund due. The adjusted tax due or adjusted refund will be calculated for you based upon your prior return information.

LINE 20.
Tax Due/Amount You Owe.

If line 15 is larger than line 19, the difference is the amount you owe. If you owe one dollar or more, complete the PIT-PV Payment Voucher, and include full payment with the voucher. Make your check or money order payable to **Taxation and Revenue Department**. Please write your social security number and "2001 PIT-1" on your payment. **DO NOT SEND CASH.**

Please do NOT combine payment for the amount due on your return with payment for any other tax or estimated payments for 2002.

A \$20 penalty will be assessed for any check that is not honored by the bank on which it is drawn for any reason. This penalty is in addition to any other late filing and late payment penalties that may be assessed.

LINES 21 through 24.
Overpayment and Refund.

If line 15 is less than line 19, you have an overpayment. Your overpayment can be:

- used for voluntary fund contributions (see *Voluntary Fund Contributions*, Form PIT-D), or
- applied to your 2002 estimated tax (enter on line 23), or
- refunded to you (enter on line 24), or
- any combination of these.

Any overpayment credited toward your 2002 estimated tax cannot be refunded after April 15, 2002. The Department will not refund an amount of one dollar or less unless you attach to your return a signed statement asking for it.

Refund Express.

If line 15 is less than line 19, you may wish to have your tax refund deposited directly into your bank account. If you desire to have your refund deposited directly into your bank account, complete the "Refund Express" portion on page 2 of the Form PIT-1. Please complete the bank routing number, account number and type of account. For more information contact your local district office listed on the inside front cover of this packet.

Why Use Refund Express?

- You get your refund fast — even faster if you file electronically.
- Payment is more secure — there is no check to get lost.
- More convenient. No trip to the bank to deposit your check.
- Saves tax dollars. A refund by direct deposit costs less than a check.

What is the Routing Number?

The routing number is for bank identification and **must be nine digits**. If the first two digits are not 01 through 12 or 21 through 32, the direct deposit will be rejected and a check sent instead. On the sample check below the routing number is 211500151.

Your check may state that it is payable through a bank different from the financial institution where you have your checking account. If so, do not use the routing number on that check. Instead, contact your financial institution for the correct routing number to enter on this line.

Entering Your Account Number.

Your account number can be up to 17 characters (both numbers and letters). Include hyphens but omit spaces and special symbols. Enter the number from left to right and leave any unused boxes blank. On the sample check, the account number is 2015551517. Be sure **not** to include the check number.

Caution: Some financial institutions will not allow a joint refund to be deposited into an individual account. Taxation and Revenue is not responsible if a financial institution refuses a direct deposit.

Collection of Debts from Your Refund. The Department will keep all or part of your overpayment if you owe other taxes to the Department, and apply that amount to the liability.

The Department is also required to transfer all or part of your overpayment if you owe money for past-due child support, educational assistance loans, unemployment compensation, medical support, public assistance or food stamp overpayments, or fines, fees and costs owed to district, municipal, magistrate or metropolitan courts.

Any amount over your liability and debt will be refunded to you.

If you receive notification that all or part of your refund was transferred to one of these agencies and you wish to protest that action, contact that agency at the addresses listed below. If your refund was transferred to a claimant agency in er-

ror, that agency must correct the error and issue you your refund.

EDUCATIONAL ASSISTANCE

NM Educational Assistance
Foundation
Contract Servicing Department
Default Collections
P.O. Box 25136
Albuquerque, NM 87125-0136
(505) 345-3371 ext. 1286

CHILD SUPPORT

Human Services Department
Child Support Enforcement Division
P.O. Box 25110
Santa Fe, NM 87504-5110
1(800) 288-7207 Instate
1(800) 585-7631 Out of State

FINANCIAL ASSISTANCE

Human Services Department
Office of the Inspector General
Restitution Unit
P.O. Box 2348
Santa Fe, NM 87504-2348
1(800) 431-4593

DEPARTMENT OF LABOR

New Mexico Department of Labor
Unemployment Insurance Benefit
Payment Control
P.O. Box 1928
Albuquerque, NM 87103
(505) 841-8417

For information on specific courts, contact:

ADMINISTRATIVE OFFICE OF THE COURTS

Administrative Office of the Courts
Warrant Enforcement Division
237 Don Gaspar, Room 25
Santa Fe, NM 87501
(505) 827-4813 or 827-4754

Now continue with **Step 4**

STEP 4

Check the figures on your return and any attachments.

Be careful to transfer the figures accurately from your working copy if you prepared one. Check your arithmetic one more time. Enter all items in blue or black ink; **please do not use pencil.**

WALTER MAPLE
MARIE MAPLE
123 Main Street
Anyplace, NM 87000

PAY TO THE ORDER OF _____ \$ _____

DOLLARS _____

ANYPLACE BANK
Anyplace, NM 87000

For _____

ROUTING NUMBER 211500151

ACCOUNT NUMBER 2015551517

CHECK NUMBER 1540

DO NOT INCLUDE THE CHECK NUMBER

1540

15-000000000

SAMPLE

STEP 5

Complete the top of page 1 of the Form PIT-1.

Make sure your name(s), address and social security number(s) are legible, complete and correct.

Enter names on a joint return in the same order as on the federal return.

If you changed your last name during the year, put your former last name in parentheses following your current last name. Taxpayers filing a joint return should enter their names and social security numbers in the same order each year to avoid processing delays.

NOTE: If you move after filing your return and you are expecting a refund, you should notify both the post office serving your old address and the Department via letter of your change of address. This will help in forwarding your refund to your new address as quickly as possible. Always include your social security number in any correspondence with the Taxation and Revenue Department. Sign your letter with a pen.

Deceased Taxpayers. If either the taxpayer or spouse died during 2001 or in 2002 prior to the filing of the 2001 return, enter an "X" in the appropriate box directly below the social security number section. Include the decedent's social security number on the return. **If a refund should be made payable to a person other than the surviving spouse or to the estate of the decedent, a Form RP-41083, Affidavit To Obtain Refund of New Mexico Tax Due a Deceased Taxpayer, must be completed and attached to the tax return. Attach** a copy of the death certificate. Please also complete all information requested under the social security number.

STEP 6

Sign and date your return and please include telephone number at the bottom of page 2 of the Form PIT-1. Complete the PIT-PV Payment Voucher if your return shows

a balance of tax due on Line 20. Go through the checklist on the page 2 of the Form PIT-1.

You must sign and date your original return. If you are married and filing a joint return, you must both sign it. Your return cannot be processed if you do not sign it.

Submit only original official state forms. Copies will cause a delay in processing your return. **Keep a copy of your original return and attachments** in a safe place in case you need to refer to them at a later date. If someone prepares your return for you, **be sure to get a copy for your records.**

Parents of minor children, guardians of dependent taxpayers, surviving spouses, or estate administrators must sign the tax return on behalf of the minor child, dependent or deceased taxpayer. Print or type the relationship under the signature.

A paid tax return preparer must also sign your return and fill in the other blanks in the preparer's section of the return. A preparer with an 11-digit New Mexico CRS identification number should enter it in the appropriate box on the bottom of page 2 of Form PIT-1. An out-of-state preparer should enter either a nine-digit social security number or an IRS-issued Preparer Tax Identification Number (PTIN) in the box provided at the bottom of page 2 of Form PIT-1.

STEP 7

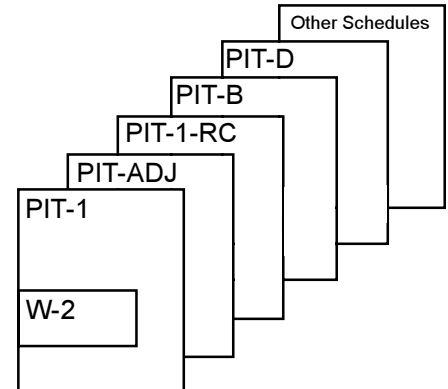
Assemble your return (and Payment Voucher if your return shows tax due).

Refer to the correct way to assemble your return and the various attachments on this page for the most efficient handling. You can help ensure that your return (and your refund, if you are entitled to one) is processed as quickly as possible by taking a few moments to assemble your forms as shown:

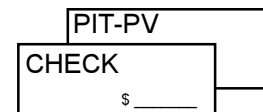
- 2001 Form PIT-1
- 2001 Schedule PIT-ADJ, if required

- Schedule PIT-1-RC, if required
- Schedule PIT-B, if required
- Form PIT-D, if desired
- Other required schedules or attachments
- Copy of a federal or New Mexico Extension Form, if required.

Please insert your return and attachments including state copies of withholding forms W-2 or 1099.



- Payment (check or money order)
- PIT-PV Payment Voucher
- Please do not staple your payment to your payment voucher.



STEP 8

Checklist

Before you mail your return, a quick check will help you avoid common errors that may delay your refund. Did you:

- verify the accuracy and legibility of your name, address, social security number and residency status?
- make sure your arithmetic is correct, and that you have limited your calculations to the maximum allowable dollar amount when that is required?
- check that all required answers were correctly and completely answered?
- mark an "X" in your filing status box?

● mark an "X" if you have an automatic federal extension of time to file?

● mark an "X" in the appropriate box(es) if you are claiming the deduction on line 7 of 2001 Schedule PIT-ADJ? Attach Schedule PIT-ADJ.

● complete the qualifying exemptions and dependents sections completely and accurately if you are claiming the rebates or credits on Schedule PIT-1-RC?

● use the correct tax table(s) and column(s) to calculate the tax due on the amount on line 11 of the Form PIT-1?

● attach any other required statements or documents?

● sign your return (both husband and wife must sign a joint return)?

● complete the PIT-PV Payment Voucher if tax is due? See special mailing address on PIT-PV.

● make your check or money order payable to Taxation and Revenue Department for the full amount of 2001 income tax you owe?

● write your social security number and "2001 PIT-1" on your check or money order?

Remember to keep copies of your return and payments for your tax records.

STEP 9

Use the preaddressed mailing envelope.

To speed your refund, use the preaddressed envelope that came with your tax package. If you are claiming a refund, mark an "X" in the box on the front of the envelope. If you do not have a preaddressed envelope, address your envelope as follows:

For refund returns mail to:
Taxation & Revenue Department
ATTN: Refund 2001
P.O. Box 25122
Santa Fe, NM 87504-5122

For all other returns mail to:
Taxation & Revenue Department
P.O. Box 25122
Santa Fe, NM 87504-5122

YOUR RIGHTS UNDER THE TAX LAW

The Tax Administration Act governs how the Income Tax Act is administered by the Department and gives you specific rights and responsibilities.

To help avoid tax problems keep accurate tax records and keep abreast of changes in the tax law. These instructions and other Department publications contain information that can help you do both.

While most tax problems can be resolved informally, it is important for you to understand that certain rights provided to you under law must be exer-

cised within specific time frames. If an adjustment is made to your return, a notice will be sent to you explaining the adjustment with a description of procedures you may use if you disagree with the Department's adjustment.

At any time after filing your return, the return may be subject to further review, verification or correction. If your tax return is adjusted or an assessment of additional tax is issued, you will be provided a copy of publication *FYI-402, Taxpayer Remedies*, outlining your rights and obligations and describing in detail how to dispute a Department ac-

tion through either the Claim for Refund procedure or the Protest procedure. You should read these procedures carefully to ensure you take the necessary steps to protect your rights.

Publication FYI-402 is available by contacting Taxpayer Information at (505) 827-0908. It is also available on the Department's Internet home page at:

www.state.nm.us/tax

Click on "publications".

Reminder:

Submit the original form and retain a copy for your records.